

BEFORE THE IOWA INSURANCE DIVISION

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 IN RE: :
 : PUBLIC HEARING
 COVENTRY HEALTH PROPOSED :
 2015 RATE INCREASE :
 - - - - - X

Mercy College of Nursing
 Sullivan Center
 928 Sixth Avenue
 Room 210
 Des Moines, Iowa
 Saturday, July 26, 2014

The above-entitled matter came on for hearing at 11:30 a.m.

BEFORE: NICK GERHART, Insurance Commissioner

Also Present: ANGEL ROBINSON, ESQ.
 Consumer Advocate
 Iowa Insurance Division
 Two Ruan Center
 601 Locust, 4th Floor
 Des Moines, Iowa 50309-3738

 JULIANNE LAWRENCE
 Iowa Insurance Division

THERESA KENKEL - CERTIFIED SHORTHAND REPORTER

P R O C E E D I N G S

COMMISSIONER GERHART: Good morning. I have 11:30 by my watch. We're going to begin the public hearing for Coventry Health's proposed rate increase for 2015.

My name is Nick Gerhart, Insurance Commissioner for the State of Iowa. I'm going to make some opening remarks. Then we're going to have the presentation of public comments by Angel Robinson, the Consumer Advocate for the Insurance Division.

After that, there will be the opportunity for additional public comments to be made by interested parties. We'll start here in Des Moines, and then we'll go alphabetically to Burlington, Council Bluffs, Cedar Rapids, Fort Dodge, Mason City, and then Spencer. At that time we'll have some remarks from Coventry Health on their proposed 2015 rate increase. And then we will have closing comments by me, and we'll close down this public hearing.

I hope everybody has signed in, if you're here today, and put your name on the piece of paper on the way in. If you're going to make a comment, please remember to depress the microphones and speak

1 into it and also identify yourself. This hearing is
2 being transcribed and we need to speak clearly so
3 that she can keep this going and have it all for the
4 public record.

5 Anyone interested in making any comment may
6 do so. So we're going to have that opportunity for
7 all of you in attendance, if you'd like to make any
8 public comments.

9 So with that, we're going to turn it over to
10 Angel Robinson for the presentation of any public
11 comments received.

12 Angel.

13 MS. ROBINSON: Good morning, Commissioner
14 Gerhart. Thank you for this opportunity to present
15 the public comment and testimony received on behalf
16 of those affected policyholders regarding the
17 proposed rate increase for Coventry Health Care.

18 Under Iowa Code 505.19, any rate increase
19 for health insurance that exceeds 6.1 percent has to
20 be filed with additional transparency and notice
21 requirements. Those requirements provide that the
22 Consumer Advocate solicit comments from
23 affected--proposed affected policyholders, and that
24 those comments be presented to the Commissioner
25 before making his decision on whether or not to

1 approve, deny, or negotiate different rates as
2 submitted by the insurance company.

3 In June of this year I received notification
4 from Coventry Health Insurance, an Aetna Insurance
5 Company, that a 6.1 percent increase--I'm sorry--a
6 rate increase of over 6.1 percent was going to be
7 filed with the Insurance Division. That set off the
8 triggered requirements for personal notification to
9 all their "policyholders," as well as this potential
10 hearing for the proposed rate increase.

11 Upon solicitation, the Insurance Division
12 received 16 comments from the public. Of those
13 comments, none of the comments supported the proposed
14 rate increase. Additionally, I can tell you that 87
15 percent of those comments had to do with
16 affordability concerns. Those concerns focused on
17 usage for those individuals who were being diligent
18 in how they chose to access their health insurance,
19 choosing not to abuse their health insurance, and not
20 actually using their insurance as much as they could,
21 and still seeing the rate increase, even though they
22 are not causing additional claims.

23 There is also concerns raised about being
24 forced to drop insurance coverage if the amount of
25 the increase goes through, which would cause

1 affordability concerns.

2 We also had some commentators that made the
3 statements that they were either unemployed or
4 underemployed and would not be able to afford--

5 MS. LAWRENCE: Mason City, do we have a
6 problem?

7 UNIDENTIFIED VOICE: No, I don't have a
8 problem.

9 MS. LAWRENCE: Thank you.

10 MS. ROBINSON: Okay. The commentators made
11 comments in regard to being either unemployed or
12 underemployed and not being able to afford an
13 increase in their premiums as they were struggling to
14 do so, even for some of the individuals who were
15 receiving subsidies from the Federal Government to
16 pay for their current health insurance.

17 One of the trends that I would bring to your
18 attention was that 50 percent of the commentators on
19 the proposed rate increase expressed concerns about
20 the Patient Protection and Affordable Care Act,
21 emphasizing affordability in health insurance for
22 those who are low and middle income, and expressed
23 that a rate increase from this year's premium would
24 be inconsistent with the goals of that new federal
25 law.

1 Additionally, some of the commentators were
2 concerned that they had seen private health insurance
3 rate increases come up annually, and they were
4 concerned that this would be the trend that they
5 would see from Coventry also, and expressed
6 disappointment that they received a rate increase so
7 quickly after signing up for health care coverage,
8 which started in January. There was 25 percent of
9 the commentators who discussed their points in regard
10 to how quickly they saw that rate increase.

11 Last but not least, I would emphasize that
12 comments are still open and welcome from the public
13 until you make your final decision as to whether or
14 not to propose--or to approve, deny, or negotiate a
15 different rate increase amount.

16 I would make sure that all of the members of
17 the public, or those who are interested, know that
18 they can continue to submit their comments either in
19 writing, by phone, or they can continue to submit
20 them directly through the website. The website can
21 be accessed through the Iowa Insurance Division's
22 website, specifically the Consumer Advocate's
23 website. This information is provided on the
24 personal notification that all the insurers that were
25 required to participate in today's hearings had to

1 submit out to those members.

2 Any questions for me?

3 COMMISSIONER GERHART: I do not have any.

4 So with that, now we'll turn it over to any
5 interested parties who would like to speak. We'll
6 start here in Des Moines.

7 If there's anyone here on-site that would
8 like to make a comment, please proceed to the
9 microphone and introduce yourself.

10 MS. LAWRENCE: Make sure you depress the
11 button while you're talking.

12 MR. ED TIERNAN: My name is Ed Tiernan. I
13 live here in Des Moines.

14 Pretty much what Angel said, this was
15 supposed to be affordable care. I think I signed up
16 for it the end of March. So it's been, like, five,
17 six months.

18 I got the bottom package because I do not go
19 to the doctor, I do not use insurance much, which was
20 42.80 a month with the Government subsidy, which
21 they're talking about trying to take away, which
22 sounds like they're not going to. But, you know,
23 there's a lot of people out there that really can't
24 afford this. I mainly did it so I don't have to pay
25 that penalty. I haven't even used it yet. I

1 probably won't use it.

2 So I guess what I'm saying is, maybe you
3 better let people get their feet wet on it for a year
4 or two before you decide raising the rates, otherwise
5 you're probably going to have a lot of people who are
6 like me. I'm probably just going to get rid of it,
7 you know. If I've got to pay the penalty, that's
8 what I'll do.

9 But, yeah, I think your company
10 should--Coventry should give the people a couple
11 years and see how it goes, you know. Maybe it won't
12 even work out, you know? But that's my comments on
13 it.

14 COMMISSIONER GERHART: Thank you for giving
15 them.

16 Any other comments here in Des Moines?

17 (No response.)

18 COMMISSIONER GERHART: Seeing none, I will
19 go to Burlington. Any comments in Burlington?

20 (No response.)

21 COMMISSIONER GERHART: Council Bluffs?

22 UNIDENTIFIED VOICE: No one in Council
23 Bluffs wishes to make any comments.

24 COMMISSIONER GERHART: Cedar Rapids?

25 (No response.)

1 COMMISSIONER GERHART: Fort Dodge?

2 UNIDENTIFIED VOICE: No comments from Fort
3 Dodge.

4 COMMISSIONER GERHART: Thank you.
5 Mason City?

6 UNIDENTIFIED VOICE: There's no one here in
7 Mason City.

8 COMMISSIONER GERHART: Thank you.
9 Spencer?

10 MR. WENDEL: Yeah. My name is Joe Wendel.
11 I'm--

12 COMMISSIONER GERHART: I'm sorry, sir.
13 Could you repeat your name, please? I'm sorry.

14 MR. WENDEL: My name is Joe Wendel.

15 COMMISSIONER GERHART: Joe Wendel.

16 MR. WENDEL: W-e-n-d-e-l. I live in Everly,
17 which is a close town to Spencer here. And I signed
18 up for the Marketplace insurance, which was probably
19 twice as much as I was paying. I figured that's
20 good, you know, that's okay. I actually felt a
21 little bit proud I could afford my own insurance, you
22 know? But then when you go to use it, there's all
23 these copays that make it unaffordable, and I'm sure
24 I'm--there's lots of people out there that make less
25 than I do. I feel for them.

1 Like I heard other people say, it's only
2 been a short time and they already want to raise it.
3 It just sounds a little ridiculous.

4 You know, that's about all I have to say.
5 You know, everybody's got insurance now, and now they
6 want to raise it, and at such an early time, I
7 just--I don't agree with that.

8 That's all I've got.

9 COMMISSIONER GERHART: Thank you for those
10 comments, sir.

11 Anyone else in Spencer that would like to
12 comment?

13 (No response.)

14 COMMISSIONER GERHART: Okay. Hearing none,
15 now it's an opportunity for Coventry Health to make
16 some remarks and comments. I'm sorry. There's
17 someone--would you like to make a comment?

18 UNIDENTIFIED VOICE: I'm sorry. I'm coming
19 in late. I'm a CoOpportunity subscriber.

20 COMMISSIONER GERHART: We've already closed
21 the CoOpportunity one.

22 MS. ROBINSON: I can speak to you
23 afterwards, I'd be happy to.

24 COMMISSIONER GERHART: Please identify
25 yourself and make sure you keep the microphone

1 depressed.

2 MR. MACKEL: Thank you, Commissioner
3 Gerhart, for the opportunity to present today. Good
4 morning.

5 My name is Dale Mackel, and I'm the market
6 president for Coventry Health Care. Aetna acquired
7 Coventry Health Care on May 7, 2013. Accordingly,
8 Coventry Health Care is now a member of the Aetna
9 family, and you will hear us refer to Coventry Health
10 Care as an Aetna company.

11 As a combined company, we are now the third
12 largest health care benefits company in America based
13 on membership, and we offer a wide variety of
14 products and solutions.

15 Coventry itself has had a significant
16 presence in Iowa since 1985, and we continue to
17 remain fully committed to the state and citizens of
18 Iowa.

19 Coventry is proud to be one of only two
20 state-wide insurers providing coverage on the Iowa
21 Health Exchange. We have worked closely with the
22 Iowa Insurance Division and the Health Exchange
23 Marketplace to collectively manage the significant
24 market challenges that have occurred over the past 24
25 months, and look forward to continuing to do so in

1 2015.

2 Overall, we currently provide health
3 insurance coverage to over 120,000 Iowans, employ
4 over 100 Iowa residents, and contribute nearly two
5 million dollars annually to the economy in taxes paid
6 by Coventry and its employees.

7 Today I appreciate the opportunity to be
8 here to talk about the 2015 base rates that Coventry
9 has proposed for the Iowa Health Exchange. Base rate
10 change in Iowa is generally due to three items.

11 These items are:

12 1. A reduction in government risk
13 protection, also referred to as the 3 Rs;

14 2. Expected increases in utilization of
15 health care services; and

16 3. Changes in expected costs for medical
17 services, also referred to as medical inflation.

18 I want to give you my assurance that we, as
19 a company, are extraordinarily sensitive to the
20 challenges and affordability issues associated with
21 health care. Our mission on a daily basis is
22 five-fold:

23 1. Improve access to care.

24 2. Improve quality of care.

25 3. Improve affordability of care.

1 4. Improve the member experience; and

2 5. Improve transparency.

3 I will also mention that the other
4 overriding principle we have to adhere to is to
5 comply with the Affordable Care Act requirements of
6 the regulations.

7 Ultimately we believe the rates we are
8 filing for 2015 are competitive with the products
9 offered by other carriers in the Marketplace. In
10 fact, Coventry has some of the most affordable
11 products across Iowa.

12 In closing, we don't just do business in
13 Iowa, we are a long-standing part of it, and are
14 investing in the community. Our long history of
15 financial stability enables us to manage growth and
16 changing dynamics in the Iowa marketplace.

17 We look forward to working with the State of
18 Iowa and continuing our collaborative efforts with
19 the Iowa Insurance Division as the marketplace
20 matures and evolves.

21 Again, thank you for the opportunity to
22 present here today.

23 COMMISSIONER GERHART: Thank you, Dale.

24 In closing, I'd like to remind everybody
25 that you can still comment to Angel Robinson. I'm

1 going to give out the toll free number, too, if you
2 would like to call and speak with somebody.
3 877-955-1212. 877-955-1212.

4 We have received Coventry's proposed rate
5 increase, and it is going through our internal review
6 process as we speak. We then will--for Exchange
7 products, we have to work with the Federal Government
8 at the Centers for Medicare and Medicaid Services.
9 For any rates that we need certified, we have to send
10 that to CMS, so that takes awhile.

11 We hopefully will have some conclusion to
12 this proposed rate increase in the next 60 days, or
13 so, is kind of our targeted time line.

14 So with that, I will close the public
15 hearing for the Coventry 2015 proposed rate increase.
16 Thank you.

17 (Proceedings concluded at 11:47 a.m.)
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1 C E R T I F I C A T E

2 I, the undersigned, a Certified Shorthand
3 Reporter of the State of Iowa, do hereby certify that
4 I acted as the official court reporter at the hearing
5 in the above-entitled matter at the time and place
6 indicated;

7 That I took in shorthand all of the
8 proceedings had at the said time and place and that
9 said shorthand notes were reduced to typewriting
10 under my direction and supervision, and that the
11 foregoing typewritten pages are a full and complete
12 transcript of the shorthand notes so taken.

13 Dated at Des Moines, Iowa, this 30th day of
14 July, 2014.

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Theresa Kenkel
CERTIFIED SHORTHAND REPORTER

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